

# REISSUE

**VILLAGE OF SICILY ISLAND, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2007**

**AND FOR THE YEAR THEN ENDED**

**WITH  
INDEPENDENT AUDITOR'S REPORT**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/28/08



**SILAS SIMMONS** LLP  
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

**VILLAGE OF SICILY ISLAND, LOUISIANA**

**Annual Financial Statements  
As of and for the Year Ended June 30, 2007**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Art Goode, Mayor  
and Members of the Board of Aldermen  
Village of Sicily Island  
Sicily Island, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Village's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of Village of Sicily Island, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sicily Island, Louisiana as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2008, on our consideration of Village of Sicily Island, Louisiana's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and pages 28 and 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Silas Simmons, LLP*

Natchez, Mississippi  
March 22, 2008

**Required Supplemental Information (Part I)**

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2007**

## **INTRODUCTION**

The management discussion and analysis of the Village of Sicily Island, Louisiana's financial performance provides an overall narrative review of the Village's financial activities for the year ended June 30, 2007. The intent of this discussion and analysis is to look at the Village's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Village's financial performance. The Village has elected not to present data comparing fiscal year 2007 to 2006.

The Village of Sicily Island, Louisiana is located in northeast Louisiana along Highway 15. The population, according to the 2000 census, is 455. The local economic base is driven mainly by farming.

## **FINANCIAL HIGHLIGHTS**

- Assets exceeded liabilities by \$2,637,397.
- Total revenues exceeded expenses by \$8,668.
- The total capital assets were \$2,763,630 and debt associated with capital assets totaled \$254,062.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Village of Sicily Island, Louisiana's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 10 through 16 of this report.

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**YEAR ENDED JUNE 30, 2007**

**OVERVIEW OF FINANCIAL STATEMENTS - continued**

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 27 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets serve as a useful indicator of a government's financial position. Assets exceeded liabilities by \$2,637,397 as of June 30, 2007.

**Net Assets for the period ending June 30, 2007**

The following is a condensed statement of the Village of Sicily Island, Louisiana's net assets as of June 30, 2007:

	Governmental Activities	Business-Type Activities	Total
Current Assets	\$ 120,294	\$ 71,413	\$ 191,707
Noncurrent Assets	<u>729,549</u>	<u>2,034,081</u>	<u>2,763,630</u>
Total Assets	<u>\$ 849,843</u>	<u>\$ 2,105,494</u>	<u>\$ 2,955,337</u>
Current Liabilities	\$ 16,778	\$ 68,162	\$ 84,940
Long-term Liabilities	<u>-</u>	<u>233,000</u>	<u>233,000</u>
Total Liabilities	<u>\$ 16,778</u>	<u>\$ 301,162</u>	<u>\$ 317,940</u>
Net Assets			
Investment in capital assets, net of related debt	\$ 729,549	\$ 1,780,019	\$ 2,509,568
Restricted for debt service	-	26,225	26,225
Unrestricted	<u>103,516</u>	<u>(1,912)</u>	<u>101,604</u>
Total Net Assets	<u>\$ 833,065</u>	<u>\$ 1,804,332</u>	<u>\$ 2,637,397</u>

The following is a summary of the statement of activities for the year ended June 30, 2007:

	Activities	Activities	Total
Revenues:			
Program revenues	\$ 240,328	\$ 284,990	\$ 525,318
General revenues and transfers	<u>113,021</u>	<u>(15,454)</u>	<u>97,567</u>
Total revenues and transfers	<u>\$ 353,349</u>	<u>\$ 269,536</u>	<u>\$ 622,885</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2007**

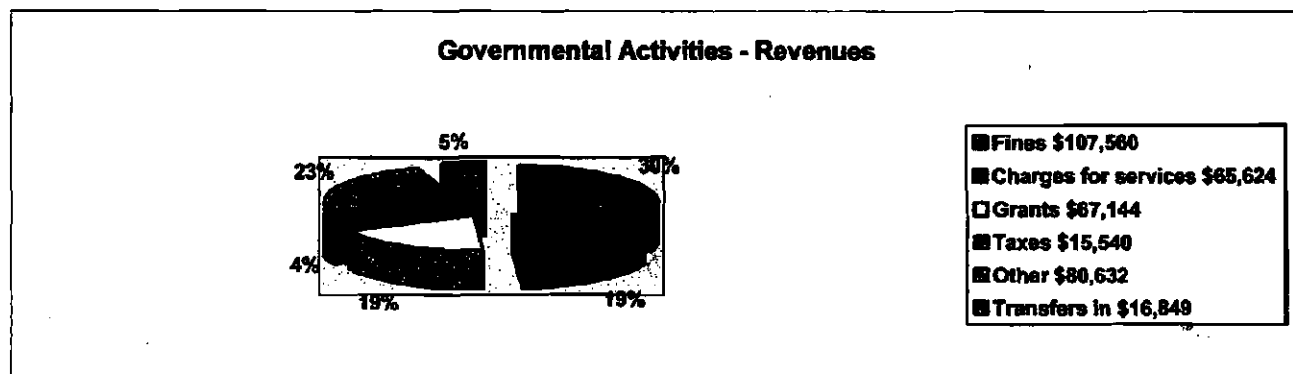
**GOVERNMENT-WIDE FINANCIAL ANALYSIS - continued**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Expenses:</b>			
General and administrative	\$ 179,458	\$ -	\$ 179,458
Public safety:			
Police	63,435	-	63,435
Fire	11,286	-	11,286
Public works - sanitation	34,564	-	34,564
Interest expense	-	-	-
Utility expense	-	342,810	342,810
Total expenses	<u>\$ 288,743</u>	<u>\$ 342,810</u>	<u>\$ 631,553</u>
 Decrease in net assets	 \$ 64,606	 \$ (73,274)	 \$ (8,668)
 Net assets June 30, 2006	 <u>768,459</u>	 <u>1,877,606</u>	 <u>2,646,065</u>
Net assets June 30, 2007	<u>\$ 833,065</u>	<u>\$ 1,804,332</u>	<u>\$ 2,637,397</u>

**GOVERNMENTAL ACTIVITIES**

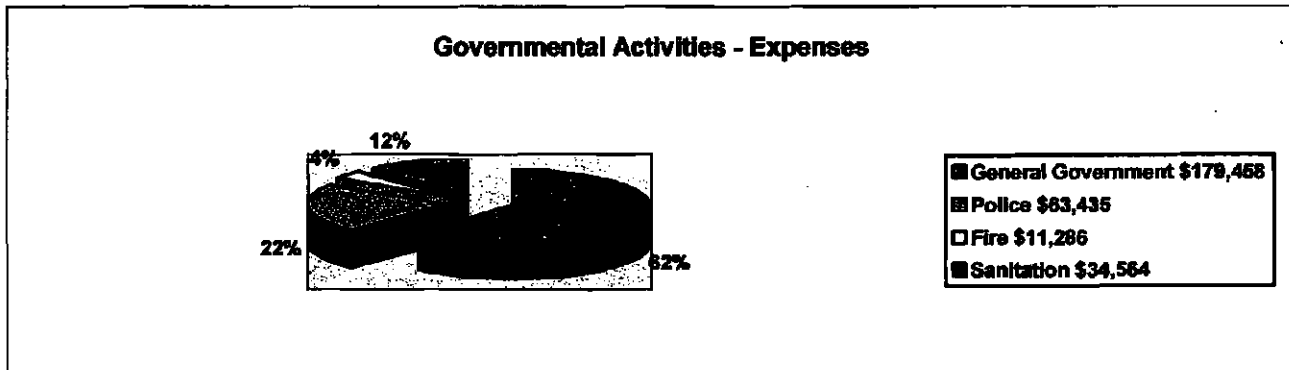
The Village of Sicily Island, Louisiana's governmental activities consist of general government, public safety (police and fire), public works, and payment of interest expense of long-term debt. Since the revenues generated by the general government (e.g. fines, property taxes, garbage fees, occupational licenses, franchise taxes, and federal and state grants) were not sufficient to pay all of the expenses of these activities, cash of \$16,849 was transferred from the business type activities (utility fund) to help pay the costs.

The following presents in graphs the information from the Statement of Activities for Governmental Activities:



**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2007**

**GOVERNMENTAL ACTIVITIES – continued**

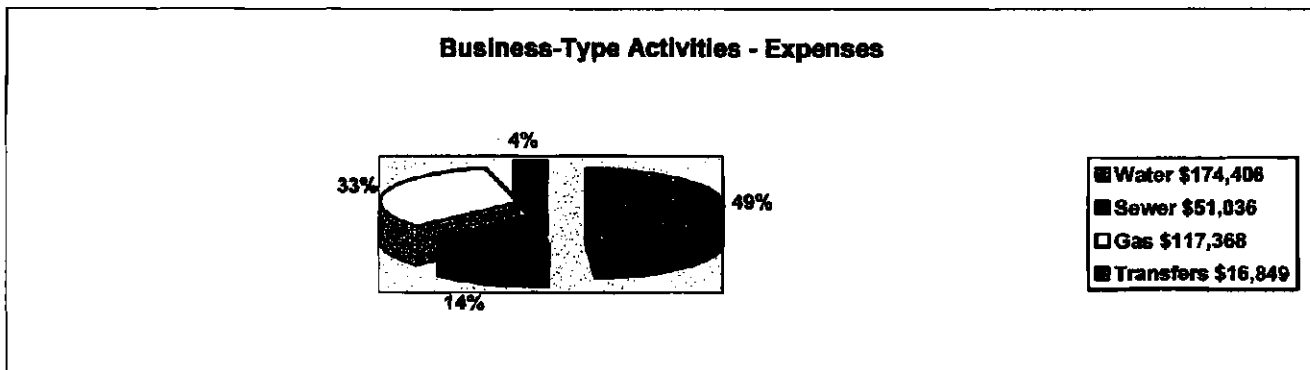
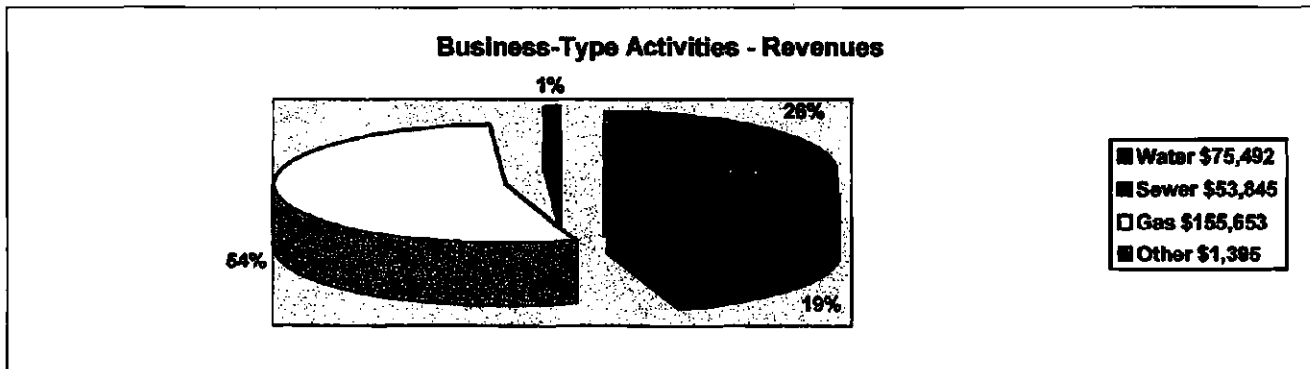


The notes to the financial statements should be read to have a full understanding of the data in the government-wide financial statements.

**Business-Type Activities**

The Business-Type Activities of the Village are those revenues resulting from fees charged customers. The Village has three Business-Type Activities, (water, gas, and sewer) which are accounted for in the utility funds.

The following presents in graphs the information from the Statement of Activities for the Business-Type Activities:



**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2007**

**GOVERNMENTAL ACTIVITIES - continued**

The notes to the financial statements should be read to have a full understanding of the data in the government-wide financial statements.

**Comments on General Fund Budget**

The Village's budget was not revised during the last year. The budgeted expenditures were \$236,640 compared to total expenditures of \$372,479. Revenues were budgeted at \$209,040 compared to total revenues of \$294,356. Additional information is available on Pages 29 and 30 of Part II of these financial statements.

**CAPITAL ASSETS AND DEBT**

As of June 30, 2007, the Village had \$729,549 invested in capital assets in the general fund and \$2,034,081 in the proprietary fund. This year there were additions of \$174,412 in the general fund. The following capital assets were purchased in this year:

**General fund:**

- |                        |            |
|------------------------|------------|
| 1. Street improvements | \$ 174,412 |
|------------------------|------------|

At the end of the current fiscal year, the Village had outstanding bonded debt of \$244,000. Principle payments of \$11,000 are due to be paid during the next fiscal year. This debt was incurred in 1981 with an original balance of \$393,000 with an interest rate of 5%.

**REQUEST FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Alice Perry, Town Clerk, Village of Sicily Island, Louisiana.

## **Basic Financial Statements**

## **Government-Wide Financial Statements**

## VILLAGE OF SICILY ISLAND, LOUISIANA

## STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 93,229	\$ 24,998	\$ 118,227
Receivables (net of allowances for uncollectibles)	27,065	19,835	46,900
Restricted assets	-	26,225	26,225
Accrued interest income	-	355	355
Capital assets (net)	<u>729,549</u>	<u>2,034,081</u>	<u>2,763,630</u>
Total assets	<u>\$ 849,843</u>	<u>\$ 2,105,494</u>	<u>\$ 2,955,337</u>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 15,676	\$ 4,347	\$ 20,023
Payable from restricted assets	-	10,062	10,062
Meter deposits	-	42,753	42,753
Compensated absences payable	1,102	-	1,102
Bonds payable, due within one year	-	11,000	11,000
Bonds payable, beyond one year	<u>-</u>	<u>233,000</u>	<u>233,000</u>
Total liabilities	<u>\$ 16,778</u>	<u>\$ 301,162</u>	<u>\$ 317,940</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 729,549	\$ 1,780,019	\$ 2,509,568
Restricted for debt service	-	26,225	26,225
Unrestricted	<u>103,516</u>	<u>(1,912)</u>	<u>101,604</u>
Total net assets	<u>\$ 833,065</u>	<u>\$ 1,804,332</u>	<u>\$ 2,637,397</u>

See accompanying notes to the basic financial statements.

## VILLAGE OF SICILY ISLAND, LOUISIANA

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business- Type Activities
<b>GOVERNMENTAL ACTIVITIES</b>						
General government						
Public safety						
Police	\$ 179,458	\$ -	\$ 67,144	\$ (112,314)	\$ -	\$ (112,314)
Fire	63,435	-	-	44,125	-	44,125
Public works	11,286	-	-	(1,443)	-	(1,443)
Sanitation	34,564	55,781	-	21,217	-	21,217
Total governmental activities	\$ 288,743	\$ 173,184	\$ 67,144	\$ (48,415)	\$ -	\$ (48,415)
<b>BUSINESS-TYPE ACTIVITIES</b>						
Water	\$ 174,406	\$ 75,492	\$ -	\$ (98,914)	\$ (98,914)	\$ (98,914)
Gas	117,368	155,653	-	38,285	-	38,285
Sewer	51,036	53,845	-	2,809	-	2,809
Total business-type activities	\$ 342,810	\$ 284,990	\$ -	\$ (57,820)	\$ (57,820)	\$ (57,820)
Total	\$ 631,553	\$ 458,174	\$ 67,144	\$ (106,235)	\$ (48,415)	\$ (106,235)
General Revenues:						
Taxes:						
Ad valorem					\$ 10,129	\$ 10,129
Franchise taxes					5,411	5,411
Beer taxes					992	992
Occupational licenses					16,662	16,662
Investment earnings					2,613	4,008
Other general revenues					60,365	60,365
Transfers					16,849	(16,849)
Total general revenues and transfers					\$ 113,021	\$ (15,454)
Change in net assets					\$ 64,606	\$ (73,274)
Net assets - beginning					768,459	1,877,606
Net assets - ending					\$ 833,065	\$ 2,637,397

See accompanying notes to the basic financial statements.

## **Fund Financial Statements**

**Governmental Funds**

VILLAGE OF SICILY ISLAND, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2007

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital</u> <u>Project Fund</u>	<u>Governmental</u> <u>Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 93,228	\$ 1	\$ 93,229
Receivables (net of allowances for uncollectibles)	<u>27,065</u>	<u>-</u>	<u>27,065</u>
Total assets	<u>\$ 120,293</u>	<u>\$ 1</u>	<u>\$ 120,294</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts, salaries, and other payables	\$ 15,676	\$ -	\$ 15,676
Total liabilities	<u>\$ 15,676</u>	<u>\$ -</u>	<u>\$ 15,676</u>
Fund balances:			
Unreserved, reported in:			
General Fund	\$ 104,617	\$ 1	\$ 104,618
Total fund balances	<u>\$ 104,617</u>	<u>\$ 1</u>	<u>\$ 104,618</u>
Total liabilities and fund balances	<u>\$ 120,293</u>	<u>\$ 1</u>	<u>\$ 120,294</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	104,618
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		729,549
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences		<u>(1,102)</u>
Net Assets of Governmental Activities (Statement A)	\$	<u>833,065</u>

See accompanying notes to the basic financial statements.

## VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital</u> <u>Project Fund</u>	<u>Governmental</u> <u>Funds</u>
<b><u>REVENUES</u></b>			
Taxes:			
Ad valorem	\$ 10,129	\$ -	\$ 10,129
Franchise	5,411	-	5,411
Occupational licenses	16,662	-	16,662
Beer tax	992	-	992
Parish road tax	18,065	-	18,065
Intergovernmental revenues:			
State and local	25,000	42,144	67,144
Fines and forfeitures	107,560	-	107,560
Charges for services	65,624	-	65,624
Investment earnings	2,613	-	2,613
Other revenues	<u>42,300</u>	<u>-</u>	<u>42,300</u>
Total revenues	<u>\$ 294,356</u>	<u>\$ 42,144</u>	<u>\$ 336,500</u>
<b><u>EXPENDITURES</u></b>			
General government	\$ 147,037	\$ -	\$ 147,037
Public safety:			
Police	52,022	-	52,022
Fire	8,037	-	8,037
Public works:			
Sanitation			33,114
Capital outlay	<u>132,269</u>	<u>42,144</u>	<u>174,413</u>
Total expenditures	<u>\$ 372,479</u>	<u>\$ 42,144</u>	<u>\$ 414,623</u>
Revenues under expenditures	<u>\$ (78,123)</u>	<u>\$ -</u>	<u>\$ (78,123)</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers in	<u>\$ 16,849</u>	<u>\$ -</u>	<u>\$ 16,849</u>
Total other financing sources	<u>\$ 16,849</u>	<u>\$ -</u>	<u>\$ 16,849</u>
Net change in fund balance	\$ (61,274)	\$ -	\$ (61,274)
Fund balances - beginning	<u>165,891</u>	<u>1</u>	<u>165,892</u>
Fund balances - ending	<u>\$ 104,617</u>	<u>\$ 1</u>	<u>\$ 104,618</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ (61,274)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	126,240
Some expenses reported in the governmental funds do not require the use of current financial resources and, therefore, are not reported as expenditures in the statement of activities.	<u>(360)</u>
Change in Net Assets of Governmental Activities (Statement B)	<u>\$ 64,606</u>

See accompanying notes to the basic financial statements.

### **Proprietary Funds**

## VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

JUNE 30, 2007

	Major Fund			
	Business-Type Activities - Enterprise Fund			Totals
	Water	Sewer	Gas	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 24,838	\$ 114	\$ 46	\$ 24,998
Receivables (net of allowances for uncollectibles)	6,768	4,489	8,578	19,835
Accrued interest income	355	-	-	355
Total current assets	<u>\$ 31,961</u>	<u>\$ 4,603</u>	<u>\$ 8,624</u>	<u>\$ 45,188</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	\$ 11,659	\$ 14,566	\$ -	\$ 26,225
Capital assets (net of accumulated depreciation)	763,047	984,685	286,349	2,034,081
Total noncurrent assets	<u>\$ 774,706</u>	<u>\$ 999,251</u>	<u>\$ 286,349</u>	<u>\$ 2,060,306</u>
Total assets	<u>\$ 806,667</u>	<u>\$ 1,003,854</u>	<u>\$ 294,973</u>	<u>\$ 2,105,494</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts, salaries, and other payables	\$ 4,347	\$ -	\$ -	\$ 4,347
Meter deposits	42,753	-	-	42,753
Total current liabilities	<u>\$ 47,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,100</u>
Current liabilities payable from restricted assets				
Accrued interest payable from restricted assets	\$ -	\$ 10,062	\$ -	\$ 10,062
Current portion of long-term debt	-	11,000	-	11,000
Total current liabilities payable from restricted assets	<u>\$ -</u>	<u>\$ 21,062</u>	<u>\$ -</u>	<u>\$ 21,062</u>
Noncurrent liabilities				
Long-term debt	\$ -	\$ 233,000	\$ -	\$ 233,000
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 233,000</u>	<u>\$ -</u>	<u>\$ 233,000</u>
Total liabilities	<u>\$ 47,100</u>	<u>\$ 254,062</u>	<u>\$ -</u>	<u>\$ 301,162</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 763,047	\$ 730,623	\$ 286,349	\$ 1,780,019
Restricted for debt services	-	14,566	-	14,566
Unrestricted	(3,480)	4,603	8,624	9,747
Total net assets	<u>\$ 759,567</u>	<u>\$ 749,792</u>	<u>\$ 294,973</u>	<u>\$ 1,804,332</u>

See accompanying notes to the basic financial statements.

## VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	Major Fund			
	Business-Type Activities - Enterprise Fund			Totals
	Water	Sewer	Gas	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 74,287	\$ 52,867	\$ 153,870	\$ 281,024
Other operating revenue	1,205	978	1,783	3,966
Total operating revenues	\$ 75,492	\$ 53,845	\$ 155,653	\$ 284,990
<b>OPERATING EXPENSES</b>				
Salaries and payroll taxes	\$ 40,936	\$ 7,751	\$ 7,751	\$ 56,438
Contract services	11,589	-	-	11,589
Legal and accounting	7,450	-	-	7,450
Materials and supplies	17,621	-	90,313	107,934
Repairs and maintenance	5,703	-	-	5,703
Insurance	20,207	-	-	20,207
Depreciation	42,826	29,176	16,306	88,308
Utilities and telephone	17,815	-	-	17,815
Bad debts	2,502	1,868	2,998	7,368
Miscellaneous	7,757	-	-	7,757
Total operating expenses	\$ 174,406	\$ 38,795	\$ 117,368	\$ 330,569
Operating income (loss)	\$ (98,914)	\$ 15,050	\$ 38,285	\$ (45,579)
Nonoperating revenues (expenses)				
Interest earnings	\$ 1,235	\$ 60	\$ 100	\$ 1,395
Interest expense	-	(12,241)	-	(12,241)
Total nonoperating revenues (expenses)	\$ 1,235	\$ (12,181)	\$ 100	\$ (10,846)
Income (loss) before transfers	\$ (97,679)	\$ 2,869	\$ 38,385	\$ (56,425)
Transfer in/(out)	53,891	(16,936)	(53,804)	(16,849)
Change in net assets	\$ (43,788)	\$ (14,067)	\$ (15,419)	\$ (73,274)
Total net assets - beginning	803,355	763,859	310,392	1,877,606
Total net assets - ending	\$ 759,567	\$ 749,792	\$ 294,973	\$ 1,804,332

See accompanying notes to the basic financial statements.

VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Enterprise Fund</u> <u>Utility Fund</u>
<b><u>Cash Flows From Operating Activities</u></b>	
Receipts from customers and users	\$ 290,104
Payments to suppliers	(180,082)
Payments to employees	(56,574)
Net cash provided for operating activities	<u>\$ 53,448</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>	
Transfers to other funds	\$ (16,849)
Net cash used for noncapital financing activities	<u>\$ (16,849)</u>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>	
Principal paid on capital debt	\$ (10,000)
Interest paid on capital debt	(12,651)
Net cash used for capital and related financing activities	<u>\$ (22,651)</u>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest on temporary investments	\$ 1,272
Net cash provided by investing activities	<u>\$ 1,272</u>
Net increase in cash and cash equivalents	\$ 15,220
Cash and cash equivalents, beginning of year	<u>36,003</u>
Cash and cash equivalents, end of year	<u><u>\$ 51,223</u></u>
<b><u>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities</u></b>	
Operating loss	\$ (45,579)
<b><u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</u></b>	
Depreciation	\$ 88,308
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable - customers	5,114
Increase (decrease) in:	
Accounts payable	(55)
Accrued payroll	(136)
Customer deposits	5,796
Total adjustments	<u>\$ 99,027</u>
Net cash provided by operating activities	<u><u>\$ 53,448</u></u>

See accompanying notes to the basic financial statements.

## **Notes to the Basic Financial Statements**

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**INTRODUCTION**

Village of Sicily Island, Louisiana is a municipal corporation governed by an elected mayor. The Village was incorporated August 21, 1995 under provisions of the Lawrason Act. The purpose of the municipality is to provide utility services, public safety (police and fire), sanitation, and general administrative services. The Board of Aldermen consists of three elective members. The Village is located in the northeastern portion of Catahoula Parish, Louisiana. The population of Sicily Island is 455 persons. The Village has 5 full-time employees. Village of Sicily Island, Louisiana has approximately 500 utility customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF SICILY ISLAND, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental fund:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary fund:

The Utility Fund is used to account for the provision of gas and water utilities, as well as sewer services to residents of the Village and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing and collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources, as they are needed.

**C. *Deposits and Investments***

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law allows the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

**D. *Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

The Village annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Catahoula Parish.

For the year ended June 30, 2007, taxes of 7.80 mills were levied on property with assessed valuations totaling \$1,298,630, after abatements and exemptions and were dedicated as follows:

General corporate purposes	7.80 mills
Total taxes levied were	\$ 10,129

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Inventories**

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2007, these amounts were considered to be immaterial.

**F. Restricted Assets - Utility Fund**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Village typically depletes the available restricted resources before consuming unrestricted resources. Restricted assets were applicable to the following at June 30, 2007:

Meter deposits- checking	\$ 4,788
Meter deposits - CD	6,871
Depreciation Fund	1,056
Reserve Fund	1,359
Sinking Fund	<u>12,151</u>
	<u>\$ 26,225</u>

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets used in the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	30 years
Buildings	40 years
Vehicles	5-15 years
Machinery and equipment	5-15 years

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Capital Assets (continued)**

<u>Description</u>	<u>Estimated Lives</u>
Business-type activities/Enterprise Fund:	
Buildings	25 years
Infrastructure	20-50 years
Machinery and equipment	10-20 years
Vehicles	5 years

**H. Compensated Absences**

Each full-time employee is credited with one day of vacation leave for each month worked. The employee's vacation leave will begin to accumulate upon finishing a six-month probation period. Employees are allowed five days of sick leave up until his or her first anniversary date arrives. After his or her first anniversary, the employee shall earn sick leave at the rate of ten days per anniversary date. In accordance with GASB Statement No. 16, the Village had accrued compensated absences of \$1,102 as of June 30, 2007.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The Village follows procedures established by Louisiana Revised Statute in the preparation and adoption of its annual operating budgets as follows:

1. The Village prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 2007, the municipality had cash and cash equivalents (book balances) totaling \$144,452 as follows:

Demand deposits	\$ 27,145
Interest-bearing demand deposits	59,412
Time deposits	57,373
Cash on hand	<u>522</u>
<b>Total</b>	<b><u>\$ 144,452</u></b>

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 3 - CASH AND CASH EQUIVALENTS (continued)**

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2007, the municipality had \$155,142 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$337,761 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The Village is collateralized by \$382,619.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 4 - RECEIVABLES**

The receivables of \$46,900 at June 30, 2007, were as follows:

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes:			
Ad valorem	\$ 85	\$ -	\$ 85
Sales and use	5,560	-	5,560
Accounts	20,218	36,947	57,165
Other	2,446	-	2,446
Allowance for uncollectibles	(1,244)	(17,112)	(18,356)
Total	<u>\$ 27,065</u>	<u>\$ 19,835</u>	<u>\$ 46,900</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

**NOTE 5 - INTERFUND RECEIVABLES/PAYABLES**

There were no interfund receivables or payables at June 30, 2007.

**NOTE 6 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2007, were as follows:

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 6 – CAPITAL ASSETS (continued)**

	Beginning Balance <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>June 30, 2007</u>
<b><u>Governmental activities:</u></b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 13,000	\$ -	\$ -	\$ 13,000
Total capital assets, not being depreciated	\$ 13,000	\$ -	\$ -	\$ 13,000
<b>Capital assets being depreciated</b>				
Buildings and structures	\$ 69,009	\$ -	\$ -	\$ 69,009
Improvements other than buildings	23,323	-	-	23,323
Machinery and equipment	91,541	-	-	91,541
Street improvements	444,270	174,412	-	618,682
Vehicles	223,387	-	-	223,387
Total capital assets being depreciated	\$ 851,530	\$ 174,412	\$ -	\$ 1,025,942
<b>Less accumulated depreciation for:</b>				
Buildings and structures	\$ (23,555)	\$ (2,107)	\$ -	\$ (25,662)
Improvements other than buildings	(503)	(1,685)	-	(2,188)
Machinery and equipment	(43,865)	(6,966)	-	(50,831)
Street improvements	-	(25,521)	-	(25,521)
Vehicles	(193,297)	(11,894)	-	(205,191)
Total accumulated depreciation	\$ (261,220)	\$ (48,173)	\$ -	\$ (309,393)
Total capital assets being depreciated, net	\$ 590,310	\$ 126,239	\$ -	\$ 716,549
Total capital assets, net	\$ 603,310	\$ 126,239	\$ -	\$ 729,549
<b><u>Business-type activities:</u></b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 39,280	\$ -	\$ -	\$ 39,280
Total capital assets, not being depreciated	\$ 39,280	\$ -	\$ -	\$ 39,280
<b>Capital assets being depreciated</b>				
Buildings	\$ 24,383	\$ -	\$ -	\$ 24,383
Infrastructure	3,038,060	-	-	3,038,060
Machinery, equipment, and vehicles	181,667	-	-	181,667
Total capital assets being depreciated	\$ 3,244,110	\$ -	\$ -	\$ 3,244,110
<b>Less accumulated depreciation for:</b>				
Buildings	\$ (22,734)	\$ (551)	\$ -	\$ (23,285)
Infrastructure	(963,780)	(86,300)	-	(1,050,080)
Machinery, equipment, and vehicles	(174,487)	(1,457)	-	(175,944)
Total accumulated depreciation	\$ (1,161,001)	\$ (88,308)	\$ -	\$ (1,249,309)
Total capital assets being depreciated, net	\$ 2,083,109	\$ (88,308)	\$ -	\$ 1,994,801
Total capital assets, net	\$ 2,122,389	\$ (88,308)	\$ -	\$ 2,034,081

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 6 - CAPITAL ASSETS (continued)**

Depreciation expense of \$48,173 for the year ended June 30, 2007, was charged to the following governmental functions:

General government	\$ 32,061
Public safety:	
Police	11,413
Fire	3,249
Public works:	
Sanitation	1,450
Total	<u>\$ 48,173</u>

**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers during the year ended June 30, 2007, were as follows:

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General fund	\$ 16,849	\$ -
Water fund	53,891	-
Gas fund	-	53,804
Sewer fund	-	16,936
Totals	<u>\$ 70,740</u>	<u>\$ 70,740</u>

Transfers are primarily used to move funds from the Proprietary Funds to the General Fund to cover expenses of general operations.

**NOTE 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$20,023 at June 30, 2007, were as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Withholdings	\$ 11,914	\$ -	\$ 11,914
Accounts	<u>3,762</u>	<u>4,347</u>	<u>8,109</u>
Total	<u>\$ 15,676</u>	<u>\$ 4,347</u>	<u>\$ 20,023</u>

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 9 - LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2007:

	Bonded Debt	Compensated Absences	Total
Long-term obligations at beginning of year	\$ 254,000	\$ 742	\$ 254,742
Additions	-	360	360
Deductions	(10,000)	-	(10,000)
Long-term obligations at end of year	<u>\$ 244,000</u>	<u>\$ 1,102</u>	<u>\$ 245,102</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2007:

	Bonded Debt	Compensated Absences	Total
Current portion	\$ 11,000	\$ 1,102	\$ 12,102
Long-term portion	233,000	-	233,000
Total	<u>\$ 244,000</u>	<u>\$ 1,102</u>	<u>\$ 245,102</u>

Long-term debt consisted of a \$393,800 Sewer Revenue Bond dated September 2, 1981, due in annual installments of \$9,000 to \$23,000 through September 2, 2021 with interest rate of 5%.

A schedule of maturities of long-term debt follows for the years ended June 30:

Year ended	Principal	Interest	Total
2007	\$ 11,000	\$ 12,200	\$ 23,200
2008	11,000	11,650	22,650
2009	12,000	11,100	23,100
2010	12,000	10,500	22,500
2011	13,000	9,900	22,900
2012-2016	80,000	38,750	118,750
2017-2021	105,000	16,250	121,250
	<u>\$ 244,000</u>	<u>\$ 110,350</u>	<u>\$ 354,350</u>

Interest incurred in connection with long-term debt totaled \$12,241 and the entire balance has been presented as a direct expense of the Village sewer system.

**NOTE 10 - SALES AND USE TAX REVENUES**

Village of Sicily Island receives hard surface road tax and sanitation tax from Catahoula Parish.

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 11 - RETIREMENT SYSTEM**

Beginning in February 2004, Village of Sicily Island offers its employees a voluntary savings plan under Section 457(b) of the Internal Revenue Code. The plan, available to all employees, permits them to defer a portion of their salary until future years. Distributions are available if the employee terminates employment, becomes disabled, retires, or dies. Distributions are also available to meet immediate and unexpected financial hardship needs. The Village also established a 401(a) plan, which allows matching up to 3% of the employees' gross compensation, only if the employee participated in the 457(b) plan. To be eligible for this plan, the employee must have completed at least 90 days of service. Elected officials are not permitted to participate in the 401(a) plan. As of June 30, 2007, Village of Sicily Island has accrued \$11,057 in matching contributions.

**NOTE 12 - COMPENSATION OF THE GOVERNING BOARD**

The Governing Board of Village of Sicily Island, Louisiana consists of a Mayor and three Board of Aldermen. For the fiscal year ended June 30, 2007, the following compensations were paid:

	<u>Salary</u>
Art Goode, Mayor	\$ 6,045
Gloria Anderson, Alderwoman	3,323
Emma Hilliard, Alderwoman	3,323
Derrick Frazier, Alderman	6,045
Donald Ashley, Alderman	2,723
Walter Krause, Alderman	<u>2,723</u>
Totals	<u>\$ 24,182</u>

**NOTE 13 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 14 - CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

**Required Supplemental Information (Part II)**

## VILLAGE OF SICILY ISLAND, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

## GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 32,025	\$ 32,025	\$ 34,597	\$ 2,572
Licenses and permits	16,500	16,500	16,662	162
Intergovernmental revenues	17,700	17,700	25,000	7,300
Fines and forfeitures	82,000	82,000	107,560	25,560
Charges for services	50,000	50,000	65,358	15,358
Other	10,815	10,815	45,179	34,364
Total revenues	<u>\$ 209,040</u>	<u>\$ 209,040</u>	<u>\$ 294,356</u>	<u>\$ 85,316</u>
<b>Expenditures</b>				
Current				
General government	\$ 130,950	\$ 130,950	\$ 279,306	\$ (148,356)
Public safety:				
Police	76,865	76,865	52,022	24,843
Fire	6,700	6,700	8,037	(1,337)
Public works:				
Sanitation	22,125	22,125	33,114	(10,989)
Total expenditures	<u>\$ 236,640</u>	<u>\$ 236,640</u>	<u>\$ 372,479</u>	<u>\$ (135,839)</u>
Revenue under expenditures	<u>\$ (27,600)</u>	<u>\$ (27,600)</u>	<u>\$ (78,123)</u>	<u>\$ (50,523)</u>
<b>Other Financing Sources</b>				
Transfers in	\$ 28,000	\$ 28,000	\$ 16,849	\$ (11,151)
Total other financing sources	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 16,849</u>	<u>\$ (11,151)</u>
Net Change in Fund Balance	\$ 400	\$ 400	\$ (61,274)	\$ (61,674)
Fund Balance - beginning	<u>176,615</u>	<u>176,615</u>	<u>165,891</u>	<u>(10,724)</u>
Fund Balance - ending	<u>\$ 177,015</u>	<u>\$ 177,015</u>	<u>\$ 104,617</u>	<u>\$ (72,398)</u>

See Independent Auditor's report.

**VILLAGE OF SICILY ISLAND, LOUISIANA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**Budgetary Comparison Schedule**

**1. Basis of Presentation**

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

**2. Budget Amendments and Revisions**

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. No amendments have been made from the original adopted budget. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America. There were no major special revenue funds.

## **Reports on Internal Control and Compliance**



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**REPORT ON INTERNAL CONTROL  
 OVER FINANCIAL REPORTING AND  
 ON COMPLIANCE AND OTHER MATTERS  
 BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
 PERFORMED IN ACCORDANCE WITH  
 GOVERNMENT AUDITING STANDARDS**

The Honorable Art Goode, Mayor  
 and Members of the Board of Aldermen  
 Village of Sicily Island  
 Sicily Island, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sicily Island, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise Village of Sicily Island, Louisiana's basic financial statements, and have issued our report thereon dated March 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village of Sicily Island, Louisiana's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Sicily Island, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Village of Sicily Island, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Village of Sicily Island, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Village of Sicily Island, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by Village of Sicily Island, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of findings as items numbered 03-02, 05-05, and 07-02.

Internal Control Over Financial Reporting (continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Village of Sicily Island, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider 03-02 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Sicily Island, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The reportable conditions are described in the accompanying schedule of findings as items numbered 04-01, 06-03, and 07-01.

This report is intended for the information of the Mayor, Members of the Board of Aldermen, Management of Village of Sicily Island, Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Natchez, Mississippi  
March 22, 2008

# VILLAGE OF SICILY ISLAND, LOUISIANA

## CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2007

Reference No.	Description of Finding Internal Control and Compliance Material to the Financial Statements	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
07-01	The Village was required to file the 06/30/2007 annual audit no later than December 31, 2007; however, the Village was late delivering the required information to its bookkeeper, and, thus, the fiscal year end general ledgers and financial statements were not completed until January 2008.	Management plans to make sure the required information needed to compile the financial statements is given to the bookkeeper on a timely basis.	Alice Perry Town Clerk	December 31, 2008
07-02	The Village has used restricted cash to pay some of the operating costs sustained, and has yet to reimburse the accounts.	Management will deposit the necessary funds back into the restricted accounts and will take appropriate measures to ensure the Village maintains proper cash flows.	Alice Perry Town Clerk	June 30, 2008

### Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

### Section III - Management Letter

No management letter issued.

# VILLAGE OF SICILY ISLAND, LOUISIANA

## STATUS OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2007

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding Material to the Financial Statements	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance				
03-02	6-30-03	From the understanding of the Village's internal control structure, we have determined that the small size of the Village and its limited number of personnel do not allow for the adequate segregation of duties among employees.	No	Management will continue to develop and implement control procedures to minimize this inherent problem associated with being a small entity.
04-01	6-30-04	In review of the 1981 Sewer Revenue bond agreement, we noted that the Village is not in compliance with its loan covenants.	No	Management plans to create a permanent schedule of loan covenants and insure that these covenants are met.
05-05	6-30-05	The Village has been consistently late on filing and depositing its payroll taxes. The IRS has charged substantial penalties that could have been avoided.	No	Management plans to file future returns and deposits on time to avoid further penalties.
06-01	6-30-06	The Village has been late filing a Louisiana Sales Tax Return for the months of July 2005 to August 2006.	Yes	Management has made an effort to file returns on a timely basis.
06-02	6-30-06	The Village does not reconcile the Accounts Receivable for fines and forfeitures with tickets written and fines collected.	Yes	N/A
06-03	6-30-06	The Village is not matching or remitting the employees' retirement withholding to the retirement program set up for employees considered full time. During our audit, we were unable to determine the amount that was withheld on the liability.	No	Management plans to start matching and remitting the employees retirement to Life Insurance Company of South-Western. They also are going to keep up with each employees retirement amount.

### Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

### Section III - Management Letter

No management letter issued.